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## Letter dated 23 April 2014 from the Permanent Representative of Mexico to the United Nations addressed to the President of the Economic and Social Council

Attached herewith is the updated national report of the Government of Mexico on progress towards the achievement of the internationally agreed development goals, including the Millennium Development Goals, for the annual ministerial review to be held during the high-level segment of the 2014 session of the Economic and Social Council (see annex).

I should be grateful if you would circulate the present letter and its annex as a document of the Council, under item 5 (c) of the provisional agenda.

(*Signed*) Jorge **Montaño**
Ambassador
Permanent Representative

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# Annex

*Summary*

This report reviews the process of implementation of the Millennium Development Goals (MDGs) in Mexico, identifies achievements, analyses the reasons for continuing shortfalls and, last but not least, outlines some of the measures being taken by the Government of Mexico to speed up progress and lay the foundations for the implementation of the post-2015 development agenda.

Mexico has focused its efforts on 51 indicators for the 8 MDGS – 40 from the United Nations official list and 11 that were reformulated or tailored to information available in the country. To date, the evaluation has been positive: in 2013, the targets corresponding to 38 indicators (74.5 per cent) had been attained and a further five targets (9.8 per cent) were expected to be reached by 2015, thereby fully measuring up to 84.3 per cent of indicators. The remaining indicators show different degrees of progress or are stationary or in decline (see statistical annex).

By and large, significant progress has been achieved in respect of the MDGs. Extreme poverty, measured as less than $1.25 a day, has more than halved, falling from 9.3 per cent in 1989 to 4.0 per cent in 2012; universal primary education has been achieved; the illiteracy rate for young people fell from 4.6 per cent in 1990 to 1.4 per cent in 2012; the participation of women in public affairs, in the Chamber of Deputies and the Senate, increased respectively from 12.4 per cent to 37.4 per cent and from 15.6 per cent to 34.4 per cent between 1988 and 2012; infant and under-five mortality rates are only 2.5 and 2.4 percentage points short of the targets; reproductive health-care coverage has increased and the unmet need for birth control methods among women of childbearing age, married or with a stable partner, fell from 25.1 per cent in 1987 to 10.0 per cent in 2009; the incidence of HIV/AIDS remains far below 0.6 per cent of the population and the incidence of malaria decreased significantly, from 51.1 cases per 100,000 inhabitants in 1990 to 0.7 in 2012; the proportion of terrestrial and marine areas protected rose from 7.1 per cent of the territory in 1990 to 13.0 per cent in 2012; and there was an increase in access to safe drinking water from 78.4 per cent to 90.9 per cent and in sanitation services from 58.6 per cent to 87.7 per cent between 1990 and 2010 (see statistical annex).

Notwithstanding this progress, there are still some marked shortfalls, mainly in respect of health (Goals 4, 5 and 6) and the environment (Goal 7). Particular mention should be made of maternal mortality, which continues to be high, with 42.3 deaths per 100,000 live births, as does the incidence of tuberculosis (16.8 cases per 100,000 inhabitants); likewise, loss of land area covered by forest and the increase in $CO^2$ emissions are still far from being reversed (see statistical annex). The main causes of these shortfalls are structural and lie in the social, economic and political fields; they cannot be remedied solely by budget increases.

# I. Introduction

1. Mexico is a country of about 120 million people whose population is growing at a rate of just over a million persons a year. From 1990 to the present day, it has been marked by a number of demographic, social and economic changes. In 2003, the United Nations Development Programme (UNDP) classified Mexico for the first time as a country of high human development. In 2013, the total fertility rate reached a minimum of 2.22 births per woman and life expectancy at birth was close to 75 years. In 2012, the illiteracy rate was 6.4 per cent, and, in 2013, the average school attendance rate rose to nine years. For 15 years now, Mexico has benefited from a demographic window of opportunity in that the proportion of its population of working age has been increasing in relation to the proportion of dependents; it will continue to enjoy this "demographic bonus" until after 2025.

2. In 1990, Mexico was classified by the World Bank as an upper middle-income country; since then, the country has undergone a number of economic changes and now forms part of the group of the 20 largest economies (G20). In 2012, its gross domestic product (GDP) increased to 2 trillion dollars (PPP) and per capita GDP was almost $17,000 (PPP). Over the past 10 years, inflation has been held at near the goal of 3 per cent yearly. Since 1995, the international reserve balance has registered a tenfold increase and exports, a fivefold increase. In 2013, foreign investment amounted to a record 35.2 billion dollars (see table). Mexico is a multicultural, multiethnic nation that takes pride in its 68 indigenous peoples; it is also one of the most biodiverse countries in the world. Hundreds of thousands of different species live in its territory and it is home to between 10 and 12 per cent of the world's biodiversity. Because of its vast territorial expanse, which stretches from the Atlantic Ocean to the Pacific Ocean, the country is characterized by a varied topography and considerable differences in climate, favouring a huge variety of flora and fauna for whose care it carries a major responsibility towards the international community. However, owing to its geographical location, it is also a country that is highly vulnerable to natural disasters and the effects of climate change.

**Context indicators for Mexico**

| *Indicator* | *1990* | *2013* |
|---|---|---|
| Territorial area ($km^2$) | 1 964 375 | |
| Mid-year population | 87 064 847 | 118 395 054 |
| Life expectancy at birth (years) | 70.4 | 74.5 |
| Total fertility rate | 3.4 | 2.2 |
| Average age (years) | 24.2 | 29.6 |
| Dependency ratio (per cent) | 72.9 | 53.7 |
| Average length of schooling (years) | 6.5 | 9.0 |
| Illiteracy rate (per cent) | 12.1 | 6.4 (b) |
| GDP (millions of PPP [purchasing power parity] dollars) | 735 827[a] | 1 975 103[b] |
| GDP per capita (current PPP dollars) | 7 675[a] | 16 873[b] |
| International reserves (millions of dollars) | 15 700[a] | 176 522 |
| Direct foreign investment (millions of dollars) | 2 633 | 35 188 |

| *Indicator* | *1990* | *2013* |
|---|---|---|
| Inflation (per cent) | 29.93 | 3.97 |
| Exports (millions of dollars) | 79 541[a] | 380 188 |

*Source*: INEGI (National Statistics and Geography Institute); CONAPO (National Population Council) and Bank of Mexico.

[a] Figure for 1996.

[b] Figure for 2012.

3. Mexico's commitment to the Millennium Development Goals (MDGs) has been constant and is reflected in the high institutional standing of the Specialized Technical Committee of the Millennium Development Goals Information System (CTESIODM), which is responsible for tracking MDG indicators and forms part of the National Statistical and Geographical Information System operated by the National Statistics and Geography Institute (INEGI). This committee, through being anchored in INEGI, which is an autonomous body, remains independent of political context and changes of Government. It is chaired by the Chief of Staff's Office and is composed of representatives of all federal Government agencies whose fields of action are related to the MDGs. In its four years of existence, it has produced two national progress reports; the most recent, compiled in 2013, was also the first to show indicators disaggregated at subnational level for each of the country's 32 federal entities.

4. This *National Voluntary Presentation 2014* was prepared by the Office of the Chair of CTESDIOM and drew on information from the following sources: (a) the National Development Plan 2013-2018; (b) the MDG National Progress Report 2013; (c) the online MDG information system, which provides permanent, updated and reliable information on indicator progress; (d) a workshop to draw up a national proposal on targets and indicators for the post-2015 agenda, which offered an opportunity to discuss the process of MDG implementation in the country and think about the next generation of targets and indicators; (e) consultations with the heads of programmes most directly relevant to the MDGs in Mexico, such as the Technical Secretariat of the National Crusade against Hunger (Ministry of Social Development – SEDESOL) the National Centre on Gender Equity and Reproductive Health (Ministry of Health – SS), the Office of the Under-Secretary for Basic Education (Ministry of Public Education – SEP) and the Office of the Under-Secretary for Environmental Planning and Policy (Ministry of the Environment and Natural Resources – SEMARNAT); and (f) an exhaustive analysis of government sectoral programmes developed as part of the planning process at the beginning of the present administration.

## II. The context of Millennium Development Goals in Mexico

5. For a weighted analysis of the evolution of indicators associated with the MDGs, it is necessary to consider critical political, social and economic factors, without which is not possible to understand changes that occurred in Mexico before and after the Millennium Declaration.

6. First, Mexico signed up for the MDGs when the process of democratization in the country was speeding up. The reform of the electoral and the party systems gave added impetus to the changeover from a top-down political regime to a pluralistic system.

7. Democratization made it easier for the interests of those underrepresented in the political system to be expressed in the political arena. The new democratic institutional framework replaced informal mechanisms for representation with stronger institutional channels, thereby laying foundations for citizens to exercise their social rights.

8. Political pluralism in turn made for a more vigorous expression of many social demands and, in particular, had the effect of turning efforts to combat poverty and social exclusion into public priorities. This led to the establishment in 1997 of a pioneering conditional cash transfer programme to combat extreme poverty under the title *Progresa-Oportunidades* (Levy, 2006). Poverty, which is partly an expression of patterns of social exclusion deeply rooted in national history, was the result of a development model that failed to generate sufficient opportunities and that the economic crisis of 1995 showed to be even more inadequate.

9. Mounting social demands called for the development without delay of new forms of democratic governance underpinned by social participation, the exercise of social rights and public accountability. A consensus emerged around the need for public policies that would break the grip of poverty in which so large a proportion of the population was held (CONEVAL, 2010).

10. Secondly, MDG progression should be viewed in the context of demographic and epidemiological shifts. In Mexico, both processes are of huge importance because they affect the living conditions of the population, shape the pattern of opportunities and are a source of fresh challenge for public policy. High population growth, large-scale child vaccination campaigns, the rush to enlarged coverage of services, high fertility rates and rapid spread of contagious diseases have become things of the past. Now, each new cohort is smaller than the one before, communicable diseases are no longer the main cause of death and the proportion of older persons is growing apace.

11. These changes are creating exceptional conditions for better allocation of public resources to improve the quality of services that have a high impact on well-being, such as those relating to health, education, water and sanitation, as well as to put in place more equitable distribution schemes. That being said, policies must address challenges for which they were unprepared, like the integration of young people into the labour market or ageing.

12. Lastly, the country's development model and macroeconomic policies have enjoyed continuing support over the past 18 years. Its fiscal, monetary and financial policies have built confidence which has led among other things to a constant flow of foreign investment, increased participation in world trade and greater capacity to withstand external shocks. Nevertheless, this stability has not sufficed to trigger the economic growth required to reduce poverty and inequality. The growth of per capita GDP is low and uncertain, job creation falls short of what is needed, real salaries are lagging and the majority of employment opportunities are being created in the informal sector, which is characterized by low productivity.

13. Recent trends in the country are not free of paradox. This process of economic change has gone hand in hand with a process of democratization that has not proved sufficient to eradicate poverty and inequality; a new process of structural reform has therefore been set in motion to address this situation.

# III. Overview of implementation

14. The Government of Mexico has focused its efforts on 51 MDG indicators – 40 from the United Nations official list and 11 reformulated by Mexico. Results evaluation is positive: the targets corresponding to 38 indicators (74.5 per cent) were attained and a further five targets (9.8 per cent) are expected to be reached by 2015. For five indicators, insufficient progress has been made to date (9.8 per cent), two show a stationary situation (3.9 per cent) and in the case of one, there is not enough information to arrive at conclusive measurements. Overall, the Government of Mexico hopes to have reached the targets set for 84.3 per cent of indicators (see statistical annex).

15. *Eradication of extreme poverty and hunger* (Goal 1) is a top priority. According to the latest national official figures (CONEVAL, 2013b), 45.5 per cent of the population are affected by multidimensional poverty (53.3 million persons), of whom 9.8 per cent are in a situation of extreme poverty (11.5 million persons); however, the proportion of the population whose income was less than $1.25 a day has more than halved, falling from 9.3 per cent in 1989 to 4.0 per cent in 2012; the poverty gap ratio dropped from 3.0 per cent in 1989 to 1.1 per cent in 2012; and the share of the poorest quintile in national consumption rose from 5.0 per cent in 1989 to 6.7 per cent in 2012.

16. Poverty reduction would have been more marked had there been better labour market conditions. Although targets were attained in respect of the employment-to-population ratio (56.3 per cent), the proportion of employed persons whose income is less than $1.25 a day (2.7 per cent), the income of employed persons and the proportion of self-employed and unpaid workers (28.6 per cent) (see statistical annex), a significant reduction of poverty requires more far-reaching changes in the labour market. Real GDP per employed person, while fluctuating, was generally low (2.4 in 1996 and 1.8 in 2013, which points to one of the most serious structural problems affecting the Mexican economy, namely, low productivity.

17. Hunger is one of the most extreme forms of deprivation and exclusion. The network of social programmes to address this issue served to reduce the proportion of underweight children under five years of age from 10.8 per cent in 1988 to 2.8 per cent in 2012 and the proportion of the population below the minimum level of calorie consumption from 4.9 per cent in 1992 to 2.3 per cent in 2012, meeting the expected targets in each case. In 2010, it was estimated that, without social programme transfers, there would have been 1.7 million more persons in extreme poverty (CONEVAL, 2013a).

18. Investment in human capital is the goal of one of Mexico's most important social programmes – *Oportunidades* – which, by means of conditional transfers, raised the income levels of families in extreme poverty and served as a stimulus for the retention of boys, girls and young people in the school system and for addressing issues of health care and nutrition. It is therefore not surprising that all the targets under the goal of *Achieving universal primary education* (Goal 2) will soon be reached: the required net rates of enrolment in and completion of primary education have been achieved or are about to be (100.3 per cent and 96.4 per cent in 2012, respectively) and the literacy rate of young people rose from 95.4 per cent in 1990 to 98.6 per cent in 2013.

19. *Gender equality and the empowerment of women* (Goal 3) occupies a prominent place on the public agenda and has therefore received a high degree of attention. The most significant advances have been in education, where inequalities have been practically evened out. In the 2012-2013 school year, the ratio between female and male students was 0.958 in primary education (0.002 short of the target), 0.980 in lower secondary education, 1.011 in upper secondary education and 0.973 in higher education.

20. A further significant development is the opening up of the political sphere. The proportion of women in the Chamber of Deputies and the Senate increased threefold and twofold respectively between 1988 and 2012, thus surpassing the internationally recommended minimum target of at least 30 per cent. Currently, in Mexico, at least 40 per cent of candidates for Congress must be women (in 2012, the proportion of seats held by women in the Chamber of Deputies and the Senate was 37.4 per cent and 34.4 per cent respectively); however, to achieve gender parity, in October 2013 President Enrique Peña Nieto issued a draft reform decree to increase this percentage to 50 per cent. In the employment sector, however, while targets have been met, there have been shortfalls: the proportion of employed women rose to 41.6 per cent of all wage earners in the non-agricultural sector in 2013, an advance of 3.1 percentage points from 1995.

21. Investment in the health of children and mothers is one of the most effective ways of breaking the intergenerational poverty cycle. This aspiration is reflected in Goals 4 and 5 which propose to *Reduce the under-five mortality rate* and *Improve maternal health*, respectively. However, progress in these two areas has been uneven in Mexico.

22. While infant and under-five mortality rates (1990, respectively: 32.5 and 41; 2012, respectively: 13.3 and 16.7) are coming into line with established targets (2.5 and 2.4 points respectively), progress in the proportion of one-year-old children immunized against measles has been insufficient (it progressed from 73.8 per cent in 1990 to 87.2 per cent in 2013; however, the target to be reached is 95 per cent). Significant advances have been made in respect of maternal and reproductive health: the proportion of births attended by skilled health personnel rose from 76.7 per cent in 1990 to 96.0 per cent in 2012, the unmet need for contraception among women of childbearing age married or with a stable partner fell from 25.1 per cent in 1987 to 10 per cent in 2009, and the average number of prenatal visits increased from 4.4 to 5.4 from 2000 to 2012. These results are in contrast with the shortfall in achieving the targets of 22.2 maternal deaths per 100,000 live births. Notwithstanding the attainment of all targets measured by the supplementary indicators under Goal 5, the target of reducing maternal mortality is not being reached, which suggests that those indicators did not provide sufficient momentum for achieving the main goal. For the post-2015 agenda, Mexico is studying the usefulness of new indicators that might more effectively contribute to the attainment of future targets on maternal mortality.

23. In 2012, the maternal mortality rate (MMR) stood at 42.3, representing a 70 per cent advance in relation to the target and a substantial improvement over the figure reported for 1990 (88.7); however, current trends show how far away the country is from attaining the target in 2015. In recent years, the MMR has not reflected a sustained downward trend and improvements from one year to the next have been slight. A number of factors have impeded progress, including a fragmented health system, where the requirement of affiliation has prevented people

from having access to health services, a lack of primary obstetric care resulting in saturation of secondary care, inadequate training of medical personnel and physical and financial inaccessibility of health services, together with exclusion on grounds of gender or ethnicity. These factors translate into defective and differentiated enjoyment of rights.

24. *Combat HIV/AIDS, malaria and other diseases* (Goal 6), is closely linked to the operation of health systems. In Mexico, the prevalence of HIV/AIDS (0.224 in 2012) has remained stable in recent years, far below the agreed target of 0.6 per 100 persons. Moreover, the target of guaranteed access to antiretroviral drugs for persons with advanced HIV infection was attained early (82.2 per cent in 2012). Nevertheless, it is estimated that the number of persons with HIV/AIDS will continue to grow because of higher survival rates resulting from timely access to medical care.

25. The results are also positive where malaria is concerned. Incidence of the disease has dropped, from 51.1 cases per 100,000 inhabitants in 1990 to 0.7 cases in 2012, below the target of 3.0 for 2015. In addition, all children under the age of five confirmed to be suffering from malaria have received treatment to check and eliminate the spread of the disease.

26. Less significant results have been achieved in tuberculosis prevention. The rate of incidence of tuberculosis has remained stable in recent years (16.8 in 2012) and it is not certain that the target of 15.6 cases per 100,000 inhabitants can be attained. Although the tuberculosis death rate has declined, not enough progress has been made to achieve the target of 1.7 deaths per 100,000 inhabitants. The most recently recorded rate (2012) is 1.9. The results of curative treatment are more promising: 87 per cent of new cases are cured following treatment, as compared with the target of 85 per cent.

27. *Environmental sustainability* (Goal 7) is matched with 11 indicators that measure action taken to address environmental challenges. The strategy adopted to reverse the loss of natural resources yields contrasting results. Although forest area continues to be lost and the proportion of land area covered by forest and woods fell from 35.3 per cent in 1993 to 33.8 per cent in 2011, in recent years this has been proceeding at a slower pace than in the past. Thus, the net rate of deforestation in the period 1990-2000 was estimated at 354,000 hectares a year, dropping to 155,000 in the period 2005-2010. Furthermore, total $CO^2$ emissions increased from 399 million tons in 1990 to 493 million in 2010; however, the growth rate of emissions has decreased since the 1990s. Nor has it been possible to improve the non-sustainable use of water resources (see statistical annex). On the other hand, the most significant advances have been made in reducing $CO^2$ emissions per capita, which fell from 4.58 tons in 1990 to 4.32 in 2010, as well as in reducing $CO^2$ emissions per GDP (PPP), which fell from 0.71 kg per Mexican peso in 1990 to 0.29 in 2010, and in the consumption of ozone-depleting substances, which dropped from 0.25 weighted kilograms per capita in 1990 to 0.02 in 2012. Notwithstanding these figures, which show improved energy efficiency in the country, total emissions rose from 399 million tons to 493 million in 2010. At the present time, $CO^2$ emissions are not clearly decoupled from economic growth and in the past decade actually increased faster than GDP.

28. The marked increase in the number and size of protected areas (from 7.1 per cent of the national land area in 1990 to 13 per cent in 2012) together with other

tools, such as the payment for environmental services programme, have contributed to the preservation of biodiversity, the conservation of natural resources and, in particular, the protection of forests and woods. The information available does not make it possible to evaluate the temporal dynamics of the number of endangered species in the country or the effect there of the various tools dedicated to biodiversity conservation, which makes this the only indicator that cannot be measured by Mexico for want of data. It is hoped, however, that ongoing efforts to develop information systems on biodiversity status will make up for this shortcoming.

29. In Mexico, about 9 in 10 people enjoy piped drinking water and have access to sanitation. Progress in this respect has been significant: proportions in the first case rose from 78.4 per cent to 90.9 per cent and in the second case from 58.6 per cent to 87.7 per cent between 1990 and 2010, respectively, thus meeting the targets set for each case. There has also been a highly significant drop in the proportion of the population living in shantytowns. The figure decreased by more than half, from 35.7 per cent in 1992 to 71.1 per cent in 2012.

30. Lastly, concerning the *Development of a global partnership for development* (Goal 8), the Government of Mexico has sought to emphasize its commitment to the development of the telecommunications sector because of its high impact on national economic growth and competitiveness and on the well-being of the population. Indicator progression shows positive results throughout the period. In 2013, the number of fixed telephone subscriptions per 100 inhabitants was three times greater than in 1990, and the number of mobile telephone subscriptions per 100 inhabitants was six times greater than in 2000. Nevertheless, fixed teledensity (17.31 per cent) is on the decline, while mobile teledensity continues to show high rates of growth, in line with the international trend. As for Internet use, although among the lowest in member countries of the Organization for Economic Cooperation and Development (OECD), in 2013 users represented 43 per cent of the population.

## IV. Main challenges and emerging issues

31. Recent social policy developments in Mexico need to be analysed in the light of safeguards provided in the Constitution. A long process of social reform has resulted in a complex framework of rules that are now a required benchmark for the action of the State. In accordance with the social law enshrined in the Constitution, individuals have the right to "receive education" and "the State shall guarantee quality in compulsory education" (art. 3); "every person has the right to decide, in a free, responsible and informed manner, the number and spacing of his or her children", "every person has the right to sufficient, high-quality nutritional food", "to health protection", "to a healthy environment for his or her development and well-being", "to readily accessible treated water for personal use", "to decent housing" (art. 4); and "to decent and socially useful employment" (art. 123). Other provisions recognize equality between men and women and the "multicultural composition" of the nation (art. 4). The most recent reform added to the Constitution the right of "access to information and communication technologies and to broadcasting and telecommunications services" (art. 6).

32. Over the past few years, the functional decentralization of the Mexican State has been intensified through establishment of a number of autonomous bodies. The

public management system in Mexico is being modernized to make it more results-based and strengthen accountability mechanisms. The aim of these measures has been to strengthen the legitimacy of, and build confidence in, public institutions. Besides those bodies that have traditionally enjoyed autonomy, such as the Central Bank and public universities, there are now others that are of particular relevance to the Millennium Development Goals. These include the National Human Rights Commission (CNDH), the National Statistics and Geography Institute (INEGI) and the National Institute for Access to Information (IFAI). One body of special importance is the National Council for the Evaluation of Social Development Policy (CONEVAL), responsible for measuring poverty and evaluating social policy, which was granted autonomous status in 2013.

33. In parallel with this process, new bodies have been set up to design policies for specific social groups, like the National Women's Institute (INMUJERES), the National Commission for the Development of Indigenous Peoples (CDI), the National Youth Institute (IMJUVE), the National Senior Citizens' Institute (INAPAM) and the National Council for the Development and Inclusion of Persons with Disabilities (CONADIS). There are other bodies concerned with cross-cutting issues, such as the National Council for the Prevention of Discrimination (CONAPRED).

**A multidimensional approach to the fight against poverty**

34. On the basis of the 2004 General Social Development Act, Mexico, in 2008, began to apply a multidimensional approach to the measurement of poverty, as developed by CONEVAL. In addition to income, other dimensions were taken into account, such as educational gaps, access to health, social security, food, basic services and the quality and size of homes. Measures to eradicate poverty must therefore be based on coordinated action in all these areas.

35. In recent years, hunger has been given less attention in Mexico; however, measurements of multidimensional poverty showed that this problem was still far from being solved. For that reason, President Enrique Peña Nieto decided to spotlight the cruellest aspect of poverty, "hunger", and in January 2013 launched the National Crusade against Hunger in order to give effect to the right to "sufficient, high-quality food".

36. The Crusade against Hunger is a national strategy to promote inclusion and social well-being that seeks to ensure food security and nutrition for 7 million Mexicans who currently live in conditions of extreme poverty and suffer from severe food deficits. The Crusade is the first major effort to bring together various social programmes that were previously scattered among different Government agencies. For the first time, a strategy to fight poverty in Mexico has been designed on the basis of information obtained through multidimensional measurement, underpinned by indicators and focusing on specific goals and targets. The strategy is coordinated by the Ministry of Social Development (SEDESOL) with the following aims: (a) ensuring zero hunger; (b) wiping out child malnutrition; (c) increasing overall production and income; (d) minimizing post-harvest losses and food shortages; and (e) promoting community participation.

**Promoting sustained and inclusive economic growth**

37. An inclusive economy must give priority to the democratization of productivity. Economic stability, open trade and increased exports are the sign of a modern

economy; however, when economic performance is inadequate or non-inclusive, no better results will be achieved in the matter of poverty reduction. In Mexico, the high levels of concentration prevailing in many areas of the economy prevent competitiveness, innovation and growth. For that reason, in 2013, Mexico set in motion ambitious economic and social reforms aimed at easing access to credit, triggering productive investment, investment in human resources, fighting monopolies, building infrastructure, encouraging incorporation into the formal economy and opening up the energy sector to private investment.

**Promoting a labour policy keyed to inclusiveness and productivity**

38. The shift towards a socially inclusive economic model must bring with it responses to the problem of the social integration of young people and utilization of the "demographic bonus". High rates of inactivity, particularly among women, reveal an untapped potential for growth. Demographic and social conditions make it necessary to: (a) increase economic activity among women; (b) create decent jobs in the formal sector of the economy; (c) guarantee the exercise of labour rights; (d) increase labour productivity; and (e) improve the institutional framework of labour markets to facilitate the hiring and mobility of workers.

39. Labour policy must give special attention to social groups that are faced with glaring disadvantages in labour markets, such as: (a) economically inactive women or women employed in the informal sector; (b) young people who are unemployed or without stable employment; (c) workers in low-productivity activities; and (d) workers operating in highly disadvantaged contexts, like indigenous persons and agricultural workers.

**Achieving quality education**

40. The educational opportunities available take full account of the demand for basic education and programmes are under way to ensure that, by the 2021/2022 school year, there will be universal access to upper secondary education and increasingly wider access to higher education. That being said, the biggest challenge concerns quality. The most recent assessment under the PISA programme (Programme for International Student Assessment) yields decisive results in this regard: 54.7, 41.1 and 47 per cent of students do not possess basic skills in mathematics, reading comprehension and science, respectively (OECD, 2014). In addition, there continue to be high levels of inequality between regions and social groups. In 2013, for the first time, a census of schools, teachers and students was carried out in order to have a clearer picture of gaps and requirements in the education system throughout the country.

41. Improved quality requires professionalization of the teaching career in order to eliminate low teacher performance in the classroom. It is also necessary to remedy shortcomings in infrastructure and educational facilities; guarantee the relevance of curricula; and encourage the use of new information and communication technologies. What is most important, however, is that decisions regarding investments in the education sector must be guided by concerns about fairness and social inclusiveness. These considerations prompted Mexico to undertake a radical reform of its education system in 2013 and to launch the first census of schools, teachers and students.

**Building a new national universal health system**

42. From its beginnings, the Mexican health system was marked by a segmented approach to care which differentiated between persons according to whether or not they were formally employed (Frenk, 2004). In 2003, the Health Insurance System (SPSS) was set up to extend coverage to persons not affiliated to social security through a public, voluntary insurance. The system is now composed of what is known as *Seguro Popular* (the People's Insurance) for the population at large and a scheme entitled "Twenty-First Century Medical Insurance" for children born since 1 December 2006.

43. The establishment of *Seguro Popular* increased health coverage significantly for the entire population and helped close gaps in the distribution of corresponding public resources between State health-care systems and national health-care institutions. Although, on paper, universal health coverage has been achieved, judging by the number of registered beneficiaries, Mexico is far from a situation where everyone has effective access to health care, since some 19 per cent of the population say that they do not have it.

**Reducing maternal mortality**

44. To address the issue of maternal mortality, Mexico conducted a study in 2002 which confirmed that maternal deaths in the country had been wrongly classified owing to incorrect registration of the causes of death on the death certificate; it was also recognized that live births were underreported or registered late. These factors made for artificially low maternal mortality ratio (MMR) levels. To remedy these flaws, a deliberate search for and reclassification of maternal deaths (BIRMM) began in 2002; this was successful in improving statistical registration, as recognized by the World Health Organization (WHO), which applied an adjustment factor of 1.1 to the figures reported in Mexico as from 2010 (Ministry of Health, 2013), thus making Mexico one of the countries with the lowest adjustment factor applied to reported MMR figures (WHO, 2012).

45. In 2009, a comprehensive strategy was launched to reduce maternal mortality in Mexico more swiftly by reducing the likelihood of the three types of delayed action that determine maternal deaths in accordance with the conceptual framework proposed by Maine. This effort was stepped up with the implementation in 2011 of a General Agreement on Inter-agency Collaboration for Obstetrical Emergency Care, designed to remove the eligibility obstacle to health care and reduce mortality risk for lack of timely care. The current administration has endorsed this Agreement as a public policy to achieve a "zero rejection" rate in cases of obstetric emergency.

46. Under the Sectoral Health Programme 2013-2018, one of the six goals will be to close existing gaps in health care between different social groups and regions in the country, and specifically in mother and child care in marginalized communities. The National Centre on Gender Equality and Reproductive Health, attached to the Ministry of Health, is currently preparing a programme of specific action for maternal and perinatal health care which will be in operation in the coming years.

**Promoting gender equality**

47. The creation of increased openings for women in education, politics and work is the result of both the process of development and modernization and deliberate

public policy. In social contexts marked by a lack of opportunities, such as isolated regions with indigenous populations, depressed urban areas or rural areas, mechanisms of social exclusion continue to operate to the detriment of girls and women.

48. The following steps have been taken by the present administration to redress the situation: (a) gender mainstreaming has been introduced for the first time as a cross-cutting element in the National Development Plan 2013-2018; (b) an Insurance Programme for Female Heads of Family has been established; (c) the National Programme for Equality of Opportunity and Non-discrimination against Women 2013-2018 has been issued as a benchmark programme for gender equality policy; and (d) more than $1,600 million has been allocated to the budget for gender equality 2014, which represents a 19 per cent increase over 2013.

**Expanding the social protection network**

49. Segmentation of access to the social security system in Mexico is another source of social exclusion. The bulk of public spending on social protection benefits the insured population in the formal sector of the economy, representing some 40 per cent of the population; less than 20 per cent of resources are earmarked for the care of the remaining 60 per cent (Scott, 2011).

50. The Government of Mexico intends to lay new foundations for ensuring universal access to social security. Such an approach will reduce the risks of impoverishment due to catastrophic health costs, prepare the country to meet the challenges of demographic and epidemiological change and encourage companies and their employees to move into the formal sector of the economy.

**Strengthening the tax system**

51 According to OECD figures, Mexico is the least taxed of its member countries. Total public sector revenue amounted to 23.6 per cent of GDP in 2013 (Ministry of Finance and Public Credit, 2014), as against the OECD average of 34.1 per cent (OECD, 2013). Our tax burden is also lower when compared with other countries at similar levels of development or other Latin American countries like Brazil, Chile and Argentina (OECD, 2009).

52. Our country's fiscal weakness is due to its low tax capacity and its high dependence on oil revenue. In 2013, Mexico collected 10.2 per cent of its GDP in taxes (not counting oil and other revenue), a percentage that has slightly increased in the past 20 years but that has lagged behind that of other countries. Moreover, the redistributive effect of the Mexican fiscal system is practically non-existent. According to INEGI, the pre-tax Gini index in 2012 was 0.503; however, taxes and transfers only managed to reduce this inequality by 0.03 (0.470), whereas in the most egalitarian European countries it fell by between 0.20 and 0.25 points. This means that in Mexico, revenue has no effect on reducing social inequality.

**Ensuring greater progressivity of social expenditure**

53. Public spending on social development in Mexico has increased in recent years both in absolute terms and as a proportion of GDP. This effort finds palpable expression in the constant increase in the programmable social expenditure of the Federal Government which, as a proportion of GDP, rose by 5 per cent in 1990, to 8.17 per cent, in 2000, to 11.6 per cent in 2014 (CEFP, 2014; SEDESOL, 2014).

54. The human development achievements reflected in the MDGs in Mexico are largely attributable to substantial public investment to that end. However, considering the scale of the increase in public resources invested, these have not had the anticipated results, owing to the regressive character of some components of social expenditure (UNDP, 2011). Public spending on basic education, health and poverty alleviation in Mexico has become more progressive in recent years, but social expenditure on energy subsidies, social security, agricultural production and higher education, continues to be regressive and affects the extent to which policies can redress social inequalities (Scott, 2011).

55. Efforts to build a national universal health system will go hand in hand with measures to improve quality and ensure the portability and convergence of services and guarantee access to any hospital irrespective of the scheme to which the patient belongs, through a system of cross payments. These measures include the strengthening of maternal and reproductive health programmes and the timely provision of drugs and other supplies through schemes like consolidated purchases, which are a source of major savings for the health system.

56. Future progress in the treatment of HIV/AIDS, malaria, tuberculosis and other contagious diseases will hinge on the measures taken to improve prevention and diagnostic services. The implementation of an effective system of drug supply and treatment, like that envisaged under the TAES ("strictly supervised shortened treatment") strategy, will also be decisive, as shown by successful cases.

**Addressing climate change**

57. According to the International Energy Agency, if $CO^2$ emissions are considered only in terms of fossil fuel consumption, Mexico ranks twelfth worldwide. In order to assume its environmental responsibilities effectively, Mexico adopted in late 2012 the Climate Change Act and in 2013 introduced its National Climate Change Strategy (ENCC), which is the flagship of national policy in the medium and long term for addressing the effects of climate change and moving towards a competitive, sustainable, low-emission economy. Its mitigation goals are to reduce emissions by 30 per cent in 2020 in relation to the greenhouse gas emissions trendline and 50 per cent in 2050 as compared with emissions in 2000.

# V. Building a prosperous and inclusive Mexico

58. Since his first day in office, President Enrique Peña Nieto has sought to break the cycle of low productivity, low income and poverty that were preventing Mexico from achieving its true potential. On his second day in office, he signed a multiparty agreement known as the Pact for Mexico, which served as a platform for political dialogue and consensus building to lay the foundations for the most significant legislative transformation in recent decades. He thus set in motion a process that led to 10 constitutional reforms amending 43 different articles of the Constitution, the passing of nine new laws and the adoption of 90 legislative decrees amending 127 other laws. The most notable in the economic sphere include the following:

(a) The **Energy Reform**, which opens up the energy sector to both national and foreign private investment and enables State-run companies to join together and form strategic alliances with third parties, ensuring at all times the guidance of the State and the nation's ownership of hydrocarbons. It will also modernize the sector

and give greater autonomy to Mexican Petroleum (PEMEX) and the Federal Electricity Commission (CFE), which will have the status of productive State enterprises. In addition, it establishes the Mexican Petroleum Fund for Stabilization and Development, for the benefit of future generations;

(b) The **Telecommunications Reform** granted constitutional autonomy to the regulator, who was vested with full authority to give precedence to economic entities with substantial power in the fields of telephony and broadcasting and to adopt measures to promote competition in those areas, like local loop unbundling and infrastructure sharing;

(c) The **Reform of Economic Competition** gives constitutional autonomy to the regulator, who is required to guarantee free competition and to prevent, investigate and combat monopolies and monopolistic practices, as well as provide effective punitive tools, such as ordering the necessary measures to eliminate barriers to competition, regulating access to essential inputs and ordering divestiture of assets;

(d) The **Financial Reform** will give a greater number of Mexicans access to more credit and on better terms, especially small and medium-sized enterprises. The reform promotes competition and provides incentives for commercial banks to lend more, while maintaining sound prudential practices. In addition, it bolsters efforts to strengthen the Development Bank.

59. To fight poverty and give better opportunities to all Mexicans, Mexico has launched the following three social reforms:

(a) The **Education Reform** gives a central place to schools, granting them autonomy, with longer hours and more resources. Through this reform, the leading responsibility in education is recovered from the State and a professional teaching service and a national evaluation system are established to ensure that teachers and school principals are selected and promoted for professional merit;

(b) The **Tax Reform** reduced the large number of special regimes and tax exemptions and levied higher charges on those with higher incomes, making the tax system more progressive. In addition, it makes it easier for small businesses to be incorporated into the formal sector. This reform will increase tax revenue for greater investment in education, social security, health care and infrastructure;

(c) The **Social Security Reform** created a universal pension for persons over the age of 65, which guarantees a minimum income that allows all Mexicans to face old age with dignity. In addition, it establishes temporary unemployment insurance to give workers in the formal sector one month's minimum salary for up to six months.

# VI. Concluding considerations

60. The MDG experience has been extremely successful for Mexico and has had positive repercussions at different levels, over and above the meeting of targets. Development-related topics have become more prominent on the public agenda; inter-agency cooperation and coordination have been strengthened; the need for reliable statistical information systems has become firmly established; the public policy monitoring and evaluation process has taken a huge step forward and it has become clear that it is important to link key social objectives to a solid institutional platform.

61. Mexico recognizes the extreme usefulness of the fact that, in the process of attaining the targets set by the MDGs, national capacities and coordinating mechanisms were established that will serve as a basis for implementing the post-2015 development agenda. This now gives it an advantage that it did not enjoy in 2000.

62. The MDGs gave Mexico an invaluable opportunity to think about the challenges of development and contributed decisively to shaping the institutional framework for social, economic and environmental policies. While the MDGs allowed countries to identify a number of priority areas for development, a clear approach to the problem of social and economic exclusion was lacking. In the light of its own experience, Mexico is firmly convinced that the post-2015 development agenda should incorporate an inclusive perspective and a multidimensional approach that will make it possible to go to the root of the structural causes of poverty and inequality and that will draw more attention to disadvantaged groups that are concealed behind national averages.